

House Study Bill 203 - Introduced

HOUSE FILE _____
BY (PROPOSED COMMITTEE ON
WAYS AND MEANS BILL BY
CHAIRPERSON SANDS)

A BILL FOR

1 An Act providing an individual income tax credit for certain
2 eligible psychiatrists and including effective date and
3 applicability provisions.
4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. NEW SECTION. 422.11E Eligible psychiatrist tax
2 credit.

3 1. As used in this section, unless the context otherwise
4 requires:

5 a. "Educational loan" means the same as defined in section
6 261F.1.

7 b. "Eligible psychiatrist" means a taxpayer who meets all
8 the following criteria:

9 (1) The taxpayer is a psychiatrist primarily practicing
10 within a mental health professional shortage area.

11 (2) The taxpayer has an amount of educational loan debt that
12 was incurred in furtherance of the postsecondary education of
13 the taxpayer.

14 (3) The taxpayer is not delinquent or in arrears in the
15 repayment of the taxpayer's educational loan debt.

16 c. "Mental health professional shortage area" means the same
17 as defined in section 135.180.

18 d. "Psychiatrist" means an individual who is licensed to
19 practice medicine and surgery or osteopathic medicine and
20 surgery under chapter 148 and who is engaged in the full-time
21 practice of medicine and surgery or osteopathic medicine and
22 surgery specializing in psychiatry.

23 e. "State income tax liability" means the taxes computed
24 under section 422.5, less the amounts of refundable and
25 nonrefundable credits allowed under this division except the
26 credits for withheld tax and estimated tax paid under section
27 422.16, and computed without regard to the credit in this
28 section.

29 2. The taxes imposed under this division, less the credits
30 allowed under this division except the credit in this section
31 and the credits for withheld tax and estimated tax paid under
32 section 422.16, shall be reduced by an eligible psychiatrist
33 tax credit to an eligible psychiatrist. To be allowed the
34 credit, an eligible psychiatrist must meet the following
35 requirements:

1 *a.* The eligible psychiatrist's tax return on which the
2 credit is claimed is timely filed, including any extension of
3 time to file.

4 *b.* The eligible psychiatrist is not currently delinquent
5 in filing any tax return with this state nor does the eligible
6 psychiatrist have delinquent accounts, charges, fees, loans,
7 taxes, or other indebtedness owed to this state or a political
8 subdivision of this state, excluding educational loan
9 indebtedness.

10 3. *a.* The credit shall be an amount equal to the eligible
11 psychiatrist's state income tax liability for the tax year. If
12 the taxpayer is not an eligible psychiatrist for the entire
13 tax year, the maximum amount of the credit for the taxpayer
14 shall equal the maximum amount of the credit for the tax year,
15 divided by twelve, multiplied by the number of months in the
16 tax year the taxpayer was an eligible psychiatrist. The credit
17 shall be rounded to the nearest dollar. If the taxpayer is an
18 eligible psychiatrist any part of the month, the taxpayer shall
19 be considered an eligible psychiatrist for the entire month.

20 *b.* The maximum amount that may be refunded to a taxpayer in
21 any tax year the credit allowed under this section is claimed
22 shall not exceed the sum of the amount withheld for the tax
23 year from the taxpayer's wages or other income pursuant to
24 section 422.16, plus the amount paid as estimated tax by the
25 taxpayer for the tax year pursuant to section 422.16.

26 4. The taxpayer is required to provide all of the following
27 to the department:

28 *a.* A written statement from an appropriate supervisor,
29 or, if the taxpayer has no supervisor, from the taxpayer,
30 verifying that the taxpayer met the requirements of subsection
31 1, paragraph "b", subparagraph (1), for the months for which the
32 credit under this section is claimed.

33 *b.* Information sufficient to verify that the taxpayer met
34 the requirements in subsection 1, paragraph "b", subparagraphs
35 (2) and (3), for the months for which the credit under this

1 section is claimed.

2 c. Any other information the department deems relevant and
3 appropriate to verify a taxpayer's eligibility for the credit
4 allowed under this section.

5 5. The director of revenue shall adopt rules to implement
6 and administer this section.

7 Sec. 2. EFFECTIVE DATE. This Act takes effect January 1,
8 2014.

9 Sec. 3. APPLICABILITY. This Act applies to tax years
10 beginning on or after January 1, 2014.

11 EXPLANATION

12 This bill creates an individual income tax credit for an
13 individual who is an eligible psychiatrist for the entire tax
14 year. "Eligible psychiatrist" is defined as an individual
15 who is engaged in the full-time practice of psychiatry within
16 a mental health professional shortage area in this state, as
17 that term is defined in the bill, and who has educational
18 loan debt related to the individual's postsecondary education
19 and is not delinquent or in arrears in the repayment of that
20 educational loan debt. In order to be allowed the credit, the
21 eligible psychiatrist's income tax return must be timely filed
22 and the eligible psychiatrist must not be currently delinquent
23 in filing any other tax return with this state, or have any
24 delinquent accounts, charges, fees, loans, taxes, or other
25 indebtedness owed this state or its political subdivisions,
26 excluding educational loan indebtedness.

27 The tax credit is equal to the eligible psychiatrist's state
28 income tax liability for the tax year. "State income tax
29 liability" is defined as the taxes computed under Code section
30 422.5, less the amounts of refundable and nonrefundable credits
31 allowed under Code chapter 422, division II, except the credits
32 for withheld tax and estimated tax paid under Code section
33 422.16, and computed without regard to the tax credit provided
34 in the bill. If the individual is not an eligible psychiatrist
35 for the entire tax year, the amount of the credit is prorated

1 based upon the months the individual qualifies as an eligible
2 psychiatrist. The maximum amount that may be refunded to a
3 taxpayer in any year the eligible psychiatrist tax credit is
4 claimed shall not exceed the sum of the taxpayer's withholding
5 on wages or other income for that year, plus the estimated tax
6 payments made for that year.

7 To claim the eligible psychiatrist tax credit, a taxpayer is
8 required to provide the department of revenue with a written
9 statement from an appropriate supervisor verifying that the
10 taxpayer was an eligible taxpayer for the months for which the
11 tax credit is claimed. If the taxpayer has no supervisor,
12 the written statement shall be provided by the taxpayer. The
13 taxpayer is also required to provide the department information
14 relating to the educational loan debt of the taxpayer, and any
15 other information the department deems relevant and appropriate
16 to verify the taxpayer's eligibility for the credit.

17 The bill takes effect January 1, 2014, and applies to tax
18 years beginning on or after that date.